

## **Department of Human Resource Management (DHRM) Office of Health Benefits**

### **Annual Report FY 2016**

Federal regulations, state legislation and the state budget took center stage for the DHRM's Office of Health Benefits (OHB) during fiscal year 2016. Implementing the federal Affordable Care Act's employer reporting mandate involved significant work across office areas during the year, and a great deal of effort also was spent on reports to the General Assembly for new initiatives pertaining to the Line of Duty Act and coverage for employees in local governments and schools. In addition, OHB introduced two new types of health care delivery to plan members, opening Capitol Square Healthcare in downtown Richmond and offering physician visits online through its health plans.

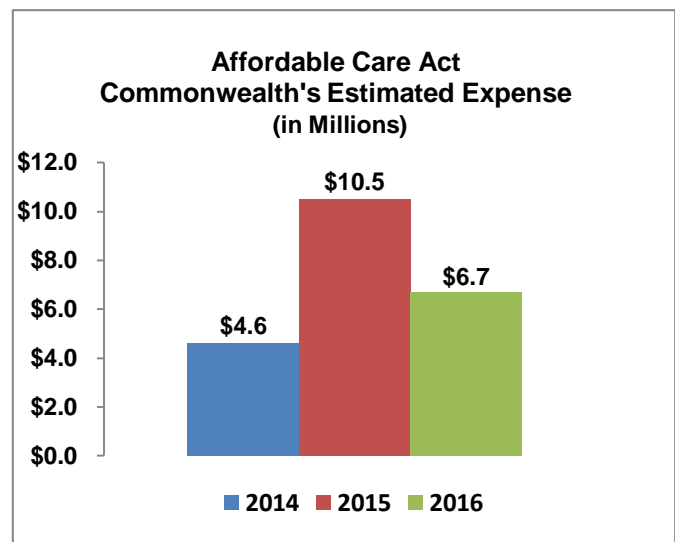
#### **Affordable Care Act**

The Office of Health Benefits has been implementing requirements of the federal Affordable Care Act (ACA) since the federal legislation was passed in 2010. ACA-related expenses have cost the Commonwealth an estimated \$21.8 million since FY 2014.

The employer mandate reporting section was a major focus of the Act during the 2016 fiscal year. In early 2016, employers were required to report health coverage to employees and the Internal Revenue Service (IRS). On behalf of agencies, DHRM filed Form 1094C with the IRS to report employer compliance with the employer mandate. The

agency also mailed more than 151,000 1095C forms in March 2016 to state employees, and local government and school employees under The Local Choice (TLC) health benefits program, informing them whether they had minimum essential coverage.

In order to complete the reporting, the Commonwealth and other employers were required to certify employer contact information and employee counts. The health benefits program also had to electronically complete the 1095C forms, which involved working with third party vendors to provide special expertise on the process. This reporting consumed a significant amount of information technology staff time, along with time spent by the DHRM Contracts and Finance area, Communications and Agency Human Resource Services.



## **General Assembly Actions**

Starting in July 2015, DHRM submitted several General Assembly-requested reports regarding its health benefits programs. In the 2015 session, legislators directed the agency to conduct an actuarial study and solicit feedback from its stakeholders on The Local Choice (TLC) health benefits program (2015 Acts of the Assembly, Chapter 665, Item 82.H.). In November 2015, DHRM submitted a *Review of Public Employee Health Programs in the Commonwealth*.

The study and input from a series of stakeholder meetings are being used to consider potential improvements to the program and help increase its appeal among rural school divisions and local governments.

Legislation approved during the 2015 session and signed by the Governor (House Bill 2204) directed the Virginia Retirement System (VRS) and DHRM to examine the recommendations and options in the report of the Joint Legislative Audit and Review Commission on the Line of Duty Act (LODA) and make proposals to improve LODA. The health benefits program report submitted on October 1, 2015 focused primarily on potential LODA health insurance options. In 2016, House Bill 1345 was enacted to transfer overall administration of the Act to VRS and administration of health insurance benefits to DHRM with a delayed effective date of July 1, 2017.

The General Assembly also approved legislation during its 2015 session to expand coverage for applied behavioral analysis (ABA) for autism spectrum disorder from ages 2 through 6 to ages 2 through 10. This change took effect on July 1, 2016.

DHRM is also working to implement Senate Bill 364, passed by the General Assembly and signed by the Governor in March 2016, to develop a plan under The Local Choice program with benefits similar to those for state employees and using a single rating group. Such a plan would be effective on July 1, 2018.

## **Health Care Delivery Expanded**

Technology has in many ways radically changed the way that health care is provided in the 21<sup>st</sup> century, from electronic health records to digital screenings. Another significant growth area is online health care diagnosis. During FY 2016, all of the Commonwealth's health plans launched online physician portals, enhancing employee benefits so that plan members can discuss common health issues right away with a doctor using smartphones, tablets or a computer with a webcam. The expense is comparable to standard physician's office visits and online sessions may be paid using a credit card.

DHRM also partnered with Virginia Commonwealth University to launch the Commonwealth's first ever onsite health clinic. Governor Terry McAuliffe, Secretary of Administration Nancy Rodrigues, and other state and Virginia Commonwealth University officials cut the ribbon for the Capitol Square Healthcare for State Employees grand opening in May 2016.

The new health center is an innovative idea to ensure that state employees have every opportunity to be healthy. It has a seven-person staff, including a full-time medical director and a nurse practitioner. A full-time health coach is available to help members with making lifestyle changes or managing chronic illness. The cost of services depends on individual health coverage.



### **Premium Rewards**

Since July 1, 2013, the COVA Care and COVA HealthAware plans have offered enrolled employees, retirees and their spouses the chance to earn a monthly reduction in premiums, or Premium Rewards. In FY 2016, approximately 35,000 eligible COVA Care and COVA HealthAware members earned \$6.8 million in premium rewards.

The program has undergone several revisions since its introduction. In FY 2016, more flexibility was given to members in meeting the requirements. Those eligible could complete a health assessment and biometric screening at any time through May 31, 2016 to have their Premium Reward take effect the first of the month after completion of both requirements.